PUBLICATION INFORMATION:

Silent Drive, Inc. v. Strong Industries, Inc., 2002 WL 1712329 (N.D. Iowa March 4, 2002)

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF IOWA
WESTERN DIVISION

SILENT DRIVE, INC., Plaintiff, vs. STRONG INDUSTRIES, INC., BROOKS STRONG, FRED SMITH, F.S. NEW PRODUCTS, INC., Defendants.	No. C01-4015-MWB **MEMORANDUM OPINION AND ORDER REGARDING DEFENDANTS' MOTION TO DISMISS**

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I. INTRODUCTION AND BACKGROUND

A. Procedural Background

On February 14, 2001, plaintiff Silent Drive, Inc. ("Silent Drive") filed its complaint in this lawsuit against defendants Strong Industries, Inc. ("Strong Industries"), Brooks Strong ("Strong"), Fred Smith, and F.S. New products.[1] In the complaint, Silent Drive seeks a declaratory judgment, pursuant to 28 U.S.C. § 2201, to determine the validity of a Texas state court injunction obtained by Strong Industries and Strong in which Silent Drive and its MAXLE product are named. Silent Drive also seeks to obtain a declaratory judgment of patent invalidity and non-infringement concerning certain patents owned by Strong. Silent Drive also asserts an Iowa state common law claim against Strong Industries and Strong for tortious interference with actual and prospective contractual relations.

Defendants Strong Industries and Strong filed their Motion To Dismiss on April 26, 2001, alleging lack of personal jurisdiction and lack of subject matter jurisdiction. Plaintiff Silent Drive then moved to conduct jurisdictional discovery before responding to Strong Industries and Strong's motion to dismiss. The court granted plaintiff Silent Drive's request for an extension of time to conduct jurisdictional discovery before being required to respond to defendants' motion to dismiss.

Silent Drive filed a timely resistance to defendants' motion, asserting that Strong Industries and Strong's contacts with Iowa are sufficient to subject them to personal jurisdiction in Iowa. Silent Drive further contends that an actual justiciable controversy exists upon which to establish subject matter jurisdiction. The court turns first to the

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[1] Silent Drive has settled its claims against defendants Fred Smith and F.S. New Products. Thus, because the only claims that remain in this lawsuit are Silent Drive's claims against Strong Industries and Brooks Strong, the court will refer only to Silent Drive's claims against those defendants.

factual background of this case. The court then turns to the legal analysis of defendants' Motion To Dismiss.

B. Factual Background

Both parties have supplied affidavits in support of their respective positions on the question of personal jurisdiction. The court has extracted the following facts from the record, which relate to Strong Industries's and Strong's contacts with the state of Iowa, viewing the facts in the light most favorable to Silent Drive and resolving all factual conflicts in favor of that party.

Silent Drive, Inc. is a corporation of the state of Iowa with its principal place of business in Orange City, Iowa. Silent Drive is in the business of manufacturing and selling suspensions for the trucking industry. Silent Drive has manufactured trailing axles for dump trucks under the trademark "MAXLE."[2]

Defendant Strong Industries is a Texas Corporation with its principal place of business in Houston, Texas. Defendant Brooks Strong is the President of Strong Industries and is a resident of Texas. Strong Industries manufactures and sells a trailing truck axle product called the "STRONG ARM." Strong Industries's manufacturing facilities are located in Houston, Texas. In the late 1980's or early 1990's, Strong Industries purchased pusher axles from Silent Drive. Strong Industries has never had an office or place of business in Iowa. Strong Industries has never specifically advertised in Iowa nor has it ever advertised in publications that were specifically directed to or targeted at Iowa.

On August 1, 1992, Strong Industries entered into a dealer agreement with Cresci Body and Equipment of Davenport, Iowa, under which Cresci Body and Equipment agreed

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[2]A trailing axle is a auxiliary suspension for trucks which extends the length of the truck, enabling it to carry a larger pay load.

to promote and sell Strong axles manufactured by Strong Industries. Subsequently, Strong Industries shipped parts, F.O.B. from Houston, to Cresci Body and Equipment. Strong Industries terminated its dealer agreement with Cresci Body and Equipment on November 21, 1994.

During the summer of 1994, Strong demonstrated the Strong Arm in Iowa. In the spring of 1995, Strong traveled to Iowa regarding the sale of Strong Arm units by Cresci Body and Equipment.[3] Strong Industries also entered into a dealer agreement with Housby Mack. Housby Mack had a branch office in Des Moines, Iowa, and was doing business in Iowa. Strong Industries terminated its dealer agreement with Housby Mack in 1995. Housby Mack bought nine trailing axles from Strong Industries. As late as 1999, Housby Mack's Des Moines branch was purchasing parts from Strong Industries.

On April 18, 2000, Strong Industries sold, F.O.B., a Toggle Cylinder assembly to Gene's Gear Specialists in Davenport, Iowa. On June 12, 2000, Strong Industries sold equipment for two "super dump trucks" to Aggregates, Inc. in Cedar Rapids, Iowa. The contract specifies that "CUSTOMER DELIVERS AND PICKS UP TRUCK FROM STRONG IN HOUSTON, TEXAS." Plaintiff's Ex. 10 at App. 010449. An Aggregates's representative saw the Strong Industries's product at a trade show in Louisville, Kentucky, decided to purchase it there and called in an order. Aggregates then delivered the dump truck chassis to Houston. After the work on the trucks was completed, Aggregates picked the dump trucks up in Houston. Six times between October, 2000, and January, 2001,

[3]Strong disputes that he was ever in Iowa. Nevertheless, because the court is relying on pleadings and affidavits, the court must view the facts in the light most favorable to the nonmoving party, Silent Drive, and resolve all factual conflicts in favor of that party. *Dakota Indus.*, 946 F.2d at 1387; *see also General Elec. Capital Corp. v. Grossman*, 991 F.2d 1376, 1387 (8th Cir. 1993). Therefore, for the purposes of deciding defendants' motion to dismiss, the court will assume that Strong was in Iowa in 1994 and 1995.

Strong Industries sold, F.O.B., parts to Aggregates, Inc.[4] Strong Industries advertises in two national publications, the American Trucker and the Equipment News.

In 1999, Strong Industries and Strong commenced litigation in Texas District Court for Harris County against several defendants. Silent Drive was not a party to the Texas litigation and no employee or officer of Silent Drive testified in the case.

On October 20, 2000, counsel for Strong Industries and Strong, D. Arlon Groves, wrote to Wilbur DeJong, President of Silent Drive regarding the MAXLE axle assembly and Strong's U.S. Patent 6,116,698. Groves wrote:

> I understand from trade sources that Silent Drive is not currently manufacturing any design of a trailing axle assembly, and has not manufactured any for quite some time now. Accordingly, the enclosed patent, which I obtained last month, might therefore be of academic interest only to your company.
>
> Should you know of any others whose interest on the subject matter of this patent might be less academic than Silent Drive's, please feel free to pass along a copy of this patent. The claims are short enough and few enough that they can be read and understood by almost any executive in the field.

Groves's letter of Oct. 20, 2000, Pl. Ex. 21, at p.1.

On October 27, 2000, a final judgment was rendered in the Texas litigation. The final judgment specifically named Silent Drive and enjoined Silent Drive from designing, manufacturing, selling, distributing, installing, or repairing the MAXLE or any trailer axle assembly whose design is based on trade secret information belonging to Strong.

On December 5, 2000, counsel for Strong Industries and Strong, D. Arlon Groves, again wrote to Wilbur DeJong, President of Silent Drive. In his letter, Groves enclosed a

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[4]Strong Industries and Strong assert in their reply brief that these sales total only $2,143.99. This total, however, cannot be substantiated on the record before the court because the invoices in Silent Drive's appendix have the sale price marked out.

copy of the final judgment in the Texas litigation and advised DeJong that the injunction entered by the Texas court "basically prohibits Silent Drive and its Iowa Division from having anything whatsoever to do with the MAXLE and any other trade secret information of Strong Industries or Brooks Strong." Groves's letter of Oct. 27, 2000, Compl. Ex. #1, at p.1. Groves goes on to state the explicit purpose of the letter:

> The purpose of this letter is two-fold. The first purpose is to ensure that Silent Drive receives actual notice of this Final Judgment and injunction. The second is to inquire as to whether, having received actual notice, you intend to abide by the terms of the injunction or ignore the terms of the injunction. In reaching your decision, I would suggest that you consult competent counsel as to the consequences for violating the terms of this injunction; I am confident that he will advise you that the possible consequences include monetary fines and imprisonment for up to six months *per occurrence*, and compensatory damages to Strong Industries. I am also confident he will advise you that while corporations cannot serve jail sentences, their officers can, and that you personally are also included by the language of the injunction and personally subject to its terms and the consequences of violation.

Groves's letter of Oct. 27, 2000, Compl. Ex. #1, at p.1.

II. LEGAL ANALYSIS

The court will turn first to consideration of defendants' contention that the case should be dismissed for lack of personal jurisdiction pursuant to Federal Rule of Civil Procedure 12(b)(2). If the court concludes that personal jurisdiction exists as to either Strong Industries or Strong, the court will then consider defendants' contention that the case should be dismissed for lack of subject matter jurisdiction pursuant to Federal Rule of Civil Procedure 12(b)(1).

A. Challenge To Personal Jurisdiction

The general rule in patent cases arising in district courts is that the Federal Circuit applies the law of the circuit where appeals from the district court would normally lie to legal questions which are not unique to patent law and its own precedent to substantive questions unique to patent law. *See Beverly Hills Fan Co. v. Royal Sovereign Corp.*, 21 F.3d 1558, 1564 (Fed. Cir.), *cert. dismissed*, 512 U.S. 1273 (1994); *Atari, Inc. v. JS & A Group, Inc.*, 747 F.2d 1422, 1439-40 (Fed. Cir. 1984) (en banc); *Panduit Corp. v. All States Plastic Mfg. Co.*, 744 F.2d 1564, 1574-75 (Fed. Cir. 1984). However, the Federal Circuit Court of Appeals has concluded that aspects of personal jurisdiction are intimately related to substantive patent law and that, as a consequence, Federal Circuit law applies, rather than that of the regional circuit, when determining the issue of whether the court has personal jurisdiction over an out-of-state defendant. *Hildebrand v. Steck Mfg. Co.*, ___ F.3d ___, 2002 WL 188373, at *1 (Fed. Cir. Feb. 7, 2002); *Inamed Corp. v. Kuzmak*, 249 F.3d 1356, 1359 (Fed. Cir. 2001); *Red Wing Shoe Co. v. Hockerson-Halberstadt, Inc.*, 148 F.3d 1355, 1358 (Fed. Cir. 1998); *Viam Corp. v. Iowa Export-Import Trading Co.*, 84 F.3d 424, 428 (Fed. Cir. 1996); *Akro Corp. v. Luker*, 45 F.3d 1541 (Fed. Cir.), *cert. denied*, 115 S. Ct. 2277 (1995); *Beverly Hills Fan Co.*, 21 F.3d at 1564. Therefore, the court looks to Federal Circuit precedents in analyzing the personal jurisdiction issue.

In order to defeat a motion to dismiss for lack of personal jurisdiction, Silent Drive, as the non-moving party, need initially make only a *prima facie* showing of jurisdiction. *United States v. Ziegler Bolt and Parts Co.*, 111 F.3d 878, 880 (Fed. Cir. 1997); *accord St. Paul Fire And Marine Ins. Co. v. Courtney Enter., Inc.*, 270 F.3d 621, 623 (8th Cir. 2001); *Stevens v. Redwing*, 146 F.3d 538, 543 (8th Cir. 1997); *Digi-Tel Holdings, Inc. v. Proteq Telecommunications (PTE), Ltd.*, 89 F.3d 519, 522 (8th Cir. 1996); *Northrup King Co. v. Compania Productora Semillas Algodoneras Selectas*, S.A., 51 F.3d 1383, 1386 (8th Cir. 1995); *Dakota Indus., Inc. v. Ever Best Ltd.*, 28 F.3d 910, 914 (8th Cir. 1994) (hereinafter

Ever Best); *Bell Paper Box, Inc. v. U.S. Kids, Inc.*, 22 F.3d 816, 818 (8th Cir. 1994); *Dakota Indus., Inc. v. Dakota Sportswear, Inc.*, 946 F.2d 1384, 1387 (8th Cir. 1991) (hereinafter *Dakota Indus.*). Jurisdiction need not be proved by a preponderance of the evidence until trial or until the court holds an evidentiary hearing. *Dakota Indus.*, 946 F.2d at 1387; FED. R. CIV. P. 12(b)(2); *see also Kevlin Serv., Inc. v. Lexington State Bank*, 46 F.3d 13, 14 (5th Cir. 1995) ("When the district court rules on the motion without an evidentiary hearing, the plaintiff may bear his burden by presenting a prima facie case that personal jurisdiction is proper," quoting *Wilson v. Belin*, 20 F.3d 644, 647-48 (5th Cir.), *cert. denied*, 513 U.S. 930 (1994)).

If the court does not hold a hearing and instead relies on pleadings and affidavits, the court must look at the facts in the light most favorable to the non-moving party and resolve all factual conflicts in favor of that party. *Dakota Indus.*, 946 F.2d at 1387; *see also General Elec. Capital Corp. v. Grossman*, 991 F.2d 1376, 1387 (8th Cir. 1993) (citing *Dakota Indus.*).[5] The court's analysis of the adequacy of a non-moving party's *prima facie* showing of personal jurisdiction requires that the court first examine whether the exercise of jurisdiction is proper under the forum state's long-arm authority, and then address whether the exercise of personal jurisdiction comports with due process. *Bell Paper*, 22 F.3d at 818; *Sondergard v. Miles, Inc.*, 985 F.2d 1389, 1392 (8th Cir.), *cert. denied*, 510 U.S. 814 (1993); *Dakota Indus.*, 946 F.2d at 1387-88; *Soo Line R.R. Co. v. Hawker Siddeley Canada, Inc.*, 950 F.2d 526, 528 (8th Cir. 1991).

The court must now decide whether plaintiff Silent Drive has made a *prima facie* showing that this court may exercise personal jurisdiction over defendants Strong Industries and Strong.

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[5]The parties have not requested that the court conduct an evidentiary hearing regarding the question of personal jurisdiction over defendants.

1. Analytical process

The determination of whether or not a court has personal jurisdiction over a non-resident defendant involves a two-step analysis. *Hildebrand*, ___ F.3d ___, 2002 WL 188373, at *2; *Inamed Corp.*, 249 F.3d at 1359; *Red Wing Shoe Co.*, 148 F.3d at 1358; *Genetic Implant Sys., Inc. v. Core-Vent Corp.*, 123 F.3d 1455, 1458 (Fed. Cir. 1997); *Viam Corp. v. Iowa Export-Import Trading Co.*, 84 F.3d 424, 427 (Fed. Cir. 1996); *Northrup King Co.*, 51 F.3d at 1386-87 (citing *Wines v. Lake Havasu Boat Mfg., Inc.*, 846 F.2d 40, 42 (8th Cir. 1988)). First, the applicable state long-arm statute or rule must be satisfied, and, second, the court's exercise of jurisdiction must be consistent with the due process clause of the Fourteenth Amendment. *Hildebrand*, ___ F.3d ___, 2002 WL 188373, at *2; *Inamed Corp.*, 249 F.3d at 1359; *Red Wing Shoe Co.*, 148 F.3d at 1358; *Genetic Implant Sys., Inc.*, 123 F.3d at 1458; *Viam Corp.*, 84 F.3d at 427; *Northrup King Co.*, 51 F.3d at 1386-87. When a state construes its long-arm statute or rule to confer jurisdiction to the fullest extent permitted by the due process clause, the inquiry collapses into the single question of whether exercise of personal jurisdiction comports with due process. *See Inamed Corp.*, 249 F.3d at 1359; *Red Wing Shoe Co.*, 148 F.3d at 1358; *Viam Corp.*, 84 F.3d at 427; *see also Bell Paper*, 22 F.3d at 818; *Soo Line R.R.*, 950 F.2d at 528.

2. Long-arm authority

In this case, the long-arm authority for defendants' service was Iowa Rule of Civil Procedure 56.2, which gives Iowa courts jurisdiction to the fullest constitutional extent.[6]

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[6] Iowa Rule of Civil Procedure 56.2 provides, in pertinent part, that

> [e]very corporation, individual, personal representative, partnership or association that shall have the necessary minimum contact with the state of Iowa shall be subject to the jurisdiction of the courts of this state, and the courts of this state shall hold such corporation, individual, personal

(continued…)

Larsen v. Scholl, 296 N.W.2d 785, 788 (Iowa 1980). Because the rule has been interpreted to confer jurisdiction to the fullest extent permitted by the due process clause, the personal jurisdiction inquiry here collapses into the single question of whether exercise of personal jurisdiction comports with due process. *Bell Paper*, 22 F.3d at 818; *Soo Line R.R.*, 950 F.2d at 528.

3. Minimum Contacts

The court may exercise personal jurisdiction over a defendant where the defendant has sufficient minimum contacts with the forum state. *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 291 (1980); *International Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945); *Bell Paper*, 22 F.3d at 818.

> Due process requires only that in order to subject a defendant to a judgment *in personam*, if he be not present within the territory of the forum, he have certain minimum contacts with it such that the maintenance of the suit does not offend "traditional notions of fair play and substantial justice."

International Shoe, 326 U.S. at 316 (quoting *Milliken v. Meyer*, 311 U.S. 457, 463 (19 40)); *Northrup King Co.*, 51 F.3d at 316 (exercise of personal jurisdiction must be "consistent with traditional notions of fair play and substantial justice," quoting *International Shoe*); *Bell Paper*, 22 F.3d at 818 ("Sufficient contacts exist when the defendant's conduct and connection with the forum state are such that he should reasonably anticipate being haled into court there, and when maintenance of the suit does not offend traditional notions of fair play and substantial justice.").

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[6](…continued)

> representative, partnership or association amenable to suit in Iowa in every case not contrary to the provisions of the Constitution of the United States.

IOWA R. CIV. P. 56.2.

In *Burger King Corp. v. Rudzewicz*, 471 U.S. 462 (1985), the Supreme Court summarized these due process requirements:

> The Due Process Clause protects an individual's liberty interest in not being subject to the binding judgments of a forum with which he has established no meaningful contacts, ties, or relations. By requiring that individuals have fair warning that a particular activity may subject them to the jurisdiction of a foreign sovereign, the Due Process Clause gives a degree of predictability to the legal system that allows potential defendants to structure their primary conduct with some minimum assurance as to where that conduct will and will not render them liable to suit.
>
> Where a forum seeks to assert specific jurisdiction over an out-of-state defendant who has not consented to suit there, this fair warning requirement is satisfied if the defendant has purposefully directed his activities at residents of the forum and the litigation results from alleged injuries that arise out of or relate to those activities. . . . Jurisdiction is proper . . . where the contacts proximately result from actions by the defendant himself that create a substantial connection with the forum State. Thus where the defendant deliberately has engaged in significant activities within a State, or has created continuing obligations between himself and residents of the forum, he manifestly has availed himself of the privilege of conducting business there, and because his activities are shielded by the benefits and protections of the forum's laws it is presumptively not unreasonable to require him to submit to the burdens of litigation in that forum as well.

Burger King Corp., 471 U.S. at 471-76 (citations omitted); *see Akro Corp.*, 45 F.3d at 1545 (citing same standards); *see also Jarvis and Sons, Inc. v. Freeport Shipbuilding and Marine Repair, Inc.*, 966 F.2d 1247, 1249-50 (8th Cir. 1992) (citing same standards); *Gould v. P.T. Krakatau Steel*, 957 F.2d 573, 575-76 (8th Cir.) (citing same standards), *cert. denied*, 506 U.S. 908 (1992); *Dakota Indus.*, 946 F.2d at 1389 (citing same standards). In assessing the defendants' "reasonable anticipation" of being haled into court, "there must be some act by

which the defendant purposefully avails itself of the privilege of conducting activities within the forum State, thus invoking the benefits and protections of its laws." *Bell Paper*, 22 F.3d at 818; *Soo Line R.R.*, 950 F.2d at 528-29; *see also Northrup King Co.*, 51 F.3d at 1386-87.

a. Specific vs. general jurisdiction

There are two broad types of personal jurisdiction: specific jurisdiction and general jurisdiction. *Helicopteros Nacionales de Colombia, S.A. v. Hall*, 466 U.S. 408, 414-16 (1984); *Bell Paper*, 22 F.3d at 819. Specific jurisdiction refers to jurisdiction over causes of action arising from or related to a defendant's actions within the forum state. *Helicopteros*, 466 U.S. at 414. General jurisdiction, on the other hand, refers to the power of a state to adjudicate any cause of action involving a particular defendant, regardless of where the cause of action arose. *Id.* at 415.

Specific jurisdiction may not be exercised where none of the actions complained of occurred within or had any connection to the forum state. *Sondergard v. Miles, Inc.*, 985 F.2d 1389, 1392 (8th Cir. 1993); *see Helicopteros*, 466 U.S. at 414 (specific jurisdiction considers whether the cause of action asserted against the non-resident defendant "arises out of or relates to" the non-resident's contacts with the forum). The non-resident's contact with the forum may be based on contacts by its representative, because the Supreme Court has held that "when commercial activities are carried on in behalf of an out-of-state party those activities may sometimes be ascribed to the party, at least where [it] is a primary participant in the enterprise and has acted purposefully in directing those activities." *Burger King Corp.*, 471 U.S. at 479 n.22. For general jurisdiction to exist, the non-resident defendant must be engaged in "continuous and systematic general business contacts" within the forum. *Helicopteros*, 466 U.S. at 416.

Here, in this case, it is unclear whether Silent Drive is attempting to assert specific jurisdiction or general jurisdiction over defendants because its brief is silent on the subject.

b. The three-factor test

The Federal Circuit Court of Appeals has set forth a three-factor test to determine whether asserting jurisdiction over an out-of-state defendant comports with due process. The three factors are:

> (1) whether the defendant "purposefully directed" its activities at residents of the forum; (2) whether the claim "arises out of or relates to" the defendant's activities with the forum; and (3) whether assertion of personal jurisdiction is "reasonable and fair." *Akro*, 45 F.3d at 1545, 33 USPQ2d at 1508. The first two factors correspond with the "minimum contacts" prong of the *International Shoe* analysis, and the third factor corresponds with the "fair play and substantial justice" prong of the analysis. *Id*.

Inamed Corp., 249 F.3d at 1360.

c. Analysis of the three factors

i. Purposefully directed prong

The court turns first to the question of whether defendants have purposefully directed their actions at Iowa residents. In this case, Silent Drive asserts personal jurisdiction in large part on the basis of defendants' counsel's December 5, 2000, letter to it. Thus, the court must address the question of whether the act of sending such a letter into the forum state constitutes sufficient contacts with the forum state for the court to exercise specific jurisdiction over the sending parties. The Federal Circuit Court of Appeals has considered this question and determined that the mere sending of such a letter into the forum state is not enough to confer jurisdiction. *See Inamed Corp.*, 249 F.3d at 1360 ("We have, however, repeatedly held that the sending of an infringement letter, without more, is insufficient to satisfy the requirements of due process when exercising jurisdiction over an out-of-state patentee."; *Red Wing Shoe Co. v. Hockerson-Halberstadt, Inc.*, 148 F.3d 1355, 1361 (Fed. Cir. 1998) ("As this court has stated before, cease-and-desist letters alone do not suffice to justify personal jurisdiction."); *Genetic Implant*, 123 F.3d at 1458 ("We have held that

sending infringement letters, without more activity in a forum state, is not sufficient to satisfy the requirements of due process."); *Akro*, 45 F.3d at 1548 ("[W]arning letters from and negotiations for a license with an out-of-state patentee cannot, without more, support personal jurisdiction in an action for a declaratory judgment of patent invalidity and noninfringement."); *see also Beacon Enters., Inc. v. Menzies*, 715 F.2d 757, 766 (2d Cir. 1983) ("It is difficult to characterize [defendant's] letter alleging infringement in an unspecified locale and threatening litigation in an unspecified forum as an activity invoking the 'benefits and protection of New York law.'"); *Nova Biomedical Corp. v. Moller*, 629 F.2d 190, 196-97 (1st Cir. 1980) (holding that the mere sending of an infringement letter into the forum state is not enough to confer jurisdiction); *Cascade Corp. v. Hiab-Foco AB*, 619 F.2d 36, 38 (9th Cir. 1980) (letters from defendant claiming patent infringement were not enough to invoke personal jurisdiction under Oregon long-arm statute; to do so would offend traditional notions of fair play and substantial justice). Thus, the Federal Circuit Court of Appeals has held that, beyond the sending of such a letter, "[o]ther activities are required in order for a patentee to be subject to personal jurisdiction in the forum." *Genetic Implant*, 123 F.3d at 1458. Silent Drive contends that while the December letter, by itself, may not be sufficient to establish personal jurisdiction over the defendants, that the letter plus Strong Industries's and Strong's "other activities" are sufficient to meet the "minimum contacts" requirement of *International Shoe*. The court, therefore, turns to consider those other activities.

Silent Drive points to Strong Industries's business contacts with the state of Iowa. Specifically, Silent Drive notes that Strong Industries licensed Cresci Body in Davenport, Iowa, and Housby Mack in Des Moines, to sell its products. Silent Drive also notes that Strong Industries advertises in national publications and that even after Strong Industries ended its agreements with Cresci Body and Housby Mack that Strong Industries continued to sell parts in Iowa. With respect to Strong, other than his part in the December letter,

the only other activity Silent Drive directs the court's attention to is Strong's two trips to Iowa in 1994 and 1995 to demonstrate some of Strong Industries's products.

Although Strong Industries and Strong previously took direct action to promote and sell the Strong Arm in Iowa, those actions last took place over five years before the filing of this lawsuit. According to Silent Drive's own assertions, Strong last visited the state of Iowa in 1995. Strong Industries terminated its agreements with Cresci Body and Housby Mack by 1995. At the time this lawsuit was filed, neither Strong Industries or Strong had any agents, employees, or representatives in the state of Iowa. Also, neither Strong Industries or Strong had an office or place of business in Iowa. Strong Industries did not specifically advertise its products in Iowa nor did it advertise in publications that were specifically directed to or targeted at Iowa. Finally, although Strong Industries has made sporadic sales in the state of Iowa since it terminated its agreements with Cresci Body and Housby Mack, there is nothing to indicate that those sales were the result of any substantial or systematic contacts with, or actions directed toward, the state of Iowa. These sales were isolated transactions that, despite Silent Drive's characterization, do not create the type of ongoing activity directed toward Iowa residents or business entities that would allow this court to exercise personal jurisdiction over Strong Industries. *See Winfield Collection v. McCauley*, 105 F. Supp.2d 746, 768 (E.D. Mich. 2000) (holding that nonresident copyright infringement defendant's two sales on Internet site to Michigan residents of crafts allegedly made from copyrighted patterns did not produce sufficient minimum contacts with Michigan to subject her to personal jurisdiction); *Zumbro v. California Natural Prods.*, 861 F. Supp. 773, 778 (D. Minn. 1994) (holding, applying the Eighth Circuit Court of Appeals's framework of analysis, that nonresident patent holder's contacts with Minnesota were insufficient to subject it to personal jurisdiction in alleged infringer's action for declaratory judgment where patent holder's employees had been physically present in Minnesota on only one occasion, it had made only few, isolated sales of products to Minnesota residents, it had

engaged a Minnesota company to process products on three occasions, it had solicited sales by advertising in national trade journals distributed in Minnesota and by responding to inquiries about products, and it had sent alleged infringer two letters concerning infringing products). The court concludes that the above cited facts, taken together with other facts alleged by Silent Drive, are insufficient to establish that defendants have purposefully directed their actions at Iowa residents.[7]

ii. Arising out of or related to prong

The second part of the Federal Circuit's test is an inquiry into whether the claim arises out of or relates to the activities in the state of Iowa. The court concludes that this action arises out of defendants' state court litigation in Texas and the resulting injunction in which Silent Drive is named. The December letter from defendants' counsel only

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[7] Silent Drive also seeks to apply the so-called "effects test" for personal jurisdiction. *Calder v. Jones*, 465 U.S. 783, 789-90 (1984). The effects test, which generally has been limited to intentional torts--*Calder* involved claims of libel--provides that a nonresident defendant whose intentional acts "are performed for the very purpose of having their consequences felt in the forum state" may be subjected to that forum's personal jurisdiction since it knows that the major impact of the injury may be felt in the forum state and should, therefore, reasonably anticipate being haled into court in that state. *Id.* at 789-90. The Federal Circuit Court of Appeals has never addressed the applicability of this doctrine to patent cases. Assuming, *arguendo,* that the Federal Circuit Court of Appeals would apply the effects test to a patent case, the court concludes that Silent Drive has failed to demonstrate its applicability here. Taking Silent Drive's allegations to be true, Strong Industries and Strong interfered with Silent Drive's business when it obtained injunctive relief against it in the Texas litigation. These facts are a *prima facie* showing that defendants' acts were intentional and that those acts caused Silent Drive to suffer economic harm, but Silent Drive has not made a similar showing that defendants' actions were uniquely or expressly aimed at Iowa or that the brunt of the harm was suffered in Iowa, much less that defendants knew it would be suffered there. The Eighth Circuit Court of Appeals's decision in *Hicklin Eng'g, Inc. v. Aidco, Inc.*, 959 F.2d 738, 739 (8th Cir. 1992), makes clear that an injurious effect on Silent Drive's business alone is not enough to exercise jurisdiction over Strong Industries and Strong under the effects test.

apprised Silent Drive of the Texas litigation's outcome, the true source of this litigation was the injunction issued by the Texas state court. Therefore, the court concludes that Silent Drive fails to meet the second part of the Federal Circuit test here. Accordingly, the court cannot assert personal jurisdiction over either Strong Industries or Strong. Because Silent Drive is unable to establish the minimum contacts required for personal jurisdiction, it is unnecessary for the court to examine the reasonableness prong.[8]

III. CONCLUSION

The court concludes that, in considering defendants' request that the complaint be dismissed on the ground of lack of personal jurisdiction, pursuant to Federal Rule of Civil Procedure 12(b)(2), Silent Drive has not established a *prima facie* case that this court may

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[8]The third factor of the analysis places the burden on Strong Industries and Strong to "prove that jurisdiction would be constitutionally unreasonable." *3D Systems*, 160 F.3d at 1380. As the Federal Circuit Court of Appeals has explained:

> The inquiry under this test includes a balancing of (1) the burden on the defendant; (2) the interests of the forum state; (3) the plaintiff's interest in obtaining relief; (4) the interstate judicial system's interest in obtaining the most efficient resolution of controversies; and (5) the interest of the states in furthering their social policies. *World Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 100 S. Ct. 559, 62 L. Ed. 2d 490 (1980). Put succinctly, "such defeats of otherwise constitutional personal jurisdiction 'are limited to the rare situation in which the plaintiff's interest and the state's interest in adjudicating the dispute in the forum are so attenuated that they are clearly outweighed by the burden of subjecting the defendant to litigation within the forum.'" *Akro*, 45 F.3d at 1549, 33 USPQ2d at 1511, quoting *Beverly Hills Fan*, 21 F.3d at 1568, 30 USPQ2d at 1009.

Viam Corp., 84 F.3d 429.

exercise personal jurisdiction over defendant Strong Industries or defendant Strong. Therefore, because the Due Process Clause forbids the exercise of personal jurisdiction over defendants, defendants' Motion To Dismiss is **granted**.

IT IS SO ORDERED.

DATED this 4th day of March, 2002.

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MARK W. BENNETT
CHIEF JUDGE, U. S. DISTRICT COURT
NORTHERN DISTRICT OF IOWA